

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

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CABLE ADDRESSES  
CRAVATH, N. Y.  
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CRAVATH, LONDON E. C. 2

RALPH L. McAFEE  
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ALLEN F. MAULSBY  
STEWART R. BROSS, JR.  
HENRY P. RIORDAN  
JOHN R. HUPPER  
SAMUEL C. BUTLER  
WILLIAM J. SCHRENK, JR.  
BENJAMIN F. CRANE  
FRANCIS F. RANDOLPH, JR.  
JOHN F. HUNT  
GEORGE J. GILLESPIE, III  
RICHARD S. SIMMONS  
WAYNE E. CHAPMAN  
THOMAS D. BARR  
MELVIN L. BEDRICK  
GEORGE T. LOWY  
ROBERT ROSENMAN  
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JAMES M. EDWARDS  
DAVID G. ORMSBY  
DAVID L. SCHWARTZ  
RICHARD J. HIEGEL

FREDERICK A. O. SCHWARZ, JR.  
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DAVID BOIES  
DAVID O. BROWNWOOD  
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THOMAS R. BROME  
ROBERT D. JOFFE  
ROBERT F. MULLEN  
ALLEN FINKELSON  
RONALD S. ROLFE  
JOSEPH R. SAHID  
PAUL C. SAUNDERS  
MARTIN L. SENZEL  
DOUGLAS D. BROADWATER  
ALAN C. STEPHENSON  
RICHARD L. HOFFMAN  
JOSEPH A. MULLINS  
MAX R. SHULMAN  
WILLIAM P. DICKEY  
STUART W. GOLD  
JOHN W. WHITE  
JOHN E. BEERBOWER

COUNSEL  
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ROSWELL L. GILPATRICK  
ALBERT R. CONNELLY  
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GEORGE B. TURNER  
FRANK H. DETWEILER  
GEORGE O. TYLER  
JOHN H. MORSE  
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TELEPHONE 1-606-1421  
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0-288A111

No. 1  
OCT 14 1980  
Date.....  
Fee \$ 50.00

ICC Washington, D. C.

RECORDATION NO. 12300 Filed 1485

12300/A

OCT 14 1980 -2 35 PM

INTERSTATE COMMERCE COMMISSION

OCT 14 1980 -2 35 PM

October 14, 1980

INTERSTATE COMMERCE COMMISSION

The Pittsburgh and Lake Erie Railroad Company  
Conditional Sale Financing Dated as of September 1, 1980  
12-3/4% Conditional Sale Indebtedness Due 1990

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303(a) and the Commission's rules and regulations thereunder, enclosed for filing and recordation on behalf of The Pittsburgh and Lake Erie Railroad Company are counterparts of the following documents:

(a) Conditional Sale Agreement dated as of September 1, 1980, between Montour Land Company and The Pittsburgh and Lake Erie Railroad Company;

(b) Agreement and Assignment dated as of September 1, 1980, between Montour Land Company and Manufacturers Hanover Trust Company, as Agent,

The names and addresses of the parties to the aforementioned Agreements are as follows:

(1) Vendor:

Montour Land Company  
In care of The Pittsburgh and Lake Erie  
Railroad Company

Oct 14 2 59 PM '80  
FEE OFFICE SR  
T.C.O.

*Handwritten notes:*  
New Number  
- A  
Kearney V. Hollen

(2) Railroad:

The Pittsburgh and Lake Erie Railroad Company  
P&LE Terminal Building  
Smithfield & Carson Streets  
Pittsburgh, Pennsylvania 15219

(3) Agent:

Manufacturers Hanover Trust Company  
40 Wall Street  
New York, N. Y. 10015

Please file and record the documents referred to above and index them under the names of the Vendor, the Railroad and the Agent.

The equipment covered by the aforementioned documents is listed in Schedule A hereto.

Also enclosed is a check for \$50 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agreement and Assignment (together constituting one document).

Please stamp all counterparts of the enclosed documents, retain one copy of the documents for your files and forward the remaining counterparts to me.

Thank you for your assistance.

Sincerely,



Jacqueline B. Goodyear  
as Agent for The Pittsburgh  
and Lake Erie Railroad  
Company

Ms. Agatha L. Mergenovich,  
Interstate Commerce Commission,  
Washington, D.C. 20423

Encls.

21A

12300/A

RECORDATION NO. .... Filed 1428

OCT 14 1980 -2 55 PM

INTERSTATE COMMERCE COMMISSION

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[CS&M Ref. 5375-048]

AGREEMENT AND ASSIGNMENT

Dated as of September 1, 1980

Between

MONTOUR LAND COMPANY

and

MANUFACTURERS HANOVER TRUST COMPANY,  
as Agent.

---

AGREEMENT AND ASSIGNMENT dated as of September 1, 1980, between MONTOUR LAND COMPANY, a Pennsylvania corporation (the "Vendor"), and MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation, as agent (the "Agent") under a Finance Agreement dated as of the date hereof (the "Finance Agreement").

The Vendor and THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY (the "Railroad") have entered into a Conditional Sale Agreement dated as of the date hereof (the "CSA") covering the conditional sale and delivery by the Vendor and the purchase by the Railroad of the railroad equipment described in Schedule A to the CSA (the "Equipment").

In consideration of the agreements hereinafter set forth, the parties hereto hereby agree as follows:

SECTION 1. Assignment. The Vendor hereby transfers and assigns to the Agent, its successors and assigns:

(a) all the right, title and interest of the Vendor in and to each unit of Equipment when and as severally delivered to and accepted by the Railroad, subject to payment by the Agent to the Vendor of the amount required to be paid under Section 4 hereof;

(b) all the right, title and interest of the Vendor in and to the CSA (except the right to deliver the Equipment and the right to reimbursements for taxes paid or incurred by the Vendor as provided in Article 5 thereof), and in and to any and all amounts which may be or become due or owing by the Railroad to the Vendor under the CSA in respect of the Purchase Price (as defined in the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Railroad under the CSA, other than those hereinabove excluded; and

(c) except as limited by subsection (b) hereof, all the Vendor's rights, powers, privileges and remedies under the CSA;

without any recourse against the Vendor for or on account

of the failure of the Railroad to make any of the payments provided for in or otherwise to comply with any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Agent to or transfer or in any way affect or modify the liability of the Vendor to deliver the Equipment in accordance with the CSA or relieve the Railroad from its obligations to the Vendor referred to in Articles 2, 3, 4, 5, 13 and 14 of the CSA, it being understood and agreed that, notwithstanding this Assignment or any subsequent assignment pursuant to the provisions of Article 14 of the CSA, all obligations of the Vendor to the Railroad with respect to the Equipment shall be and remain enforceable by the Railroad, its successors and assigns, against and only against the Vendor. In furtherance of the foregoing assignment and transfer, the Vendor hereby authorizes and empowers the Agent, in the Agent's own name or in the name of the Agent's nominee or in the name of and as attorney for the Vendor, hereby irrevocably constituted, to demand, sue for, collect and receive any and all sums to which the Agent is or may become entitled under this Assignment and to enforce compliance by the Railroad with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Agent.

SECTION 2. Delivery of Equipment. The Vendor agrees that it will deliver the Equipment to the Railroad in accordance with the provisions of the CSA; and that, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by it. The Vendor further agrees that it will warrant to the Agent and the Railroad that at the time of delivery of each unit of the Equipment under the CSA it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by the CSA) and that it will defend the title to each unit of the Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by the Vendor under the CSA; all subject, however, to the provisions of the CSA and the rights of the Railroad thereunder. The Vendor will not deliver any unit of Equipment to the Railroad under the CSA until the filings referred to in Article 18 of the CSA have been effected (the Vendor and its counsel being entitled to rely on advice from special counsel for the Agent that such

filings have been effected).

SECTION 3. Indemnification of Agent. The Vendor agrees with the Agent that in any suit, proceeding or action brought by the Agent under the CSA for any installment of principal or interest on the CSA Indebtedness or to enforce any provision of the CSA, the Vendor will indemnify, protect and hold harmless the Agent from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Railroad arising out of a breach by the Vendor of any obligation with respect to the Equipment or the delivery or warranty thereof or arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Vendor. The Vendor's obligation so to indemnify, protect and hold harmless the Agent is conditional upon (a) the Agent's timely motion or other appropriate action to strike any defense, setoff, counterclaim or recoupment asserted by the Railroad in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Agent's prompt notification to the Vendor of the asserted defense, setoff, counterclaim or recoupment and the Agent's giving the Vendor the right, at the Vendor's expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

The Vendor agrees to indemnify, protect and hold harmless the Agent from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Agent or its assigns because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Agent will give prompt notice to the Vendor of any such liability or claim actually known to the Agent and will give the Vendor the right, at the Vendor's expense, to compromise, settle or defend against such claim. The Vendor agrees that any amounts payable to it by the Railroad with respect to its Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Agent, shall not be secured by any lien, charge or security interest upon any unit of Equipment.

SECTION 4. Conditions of Closing. On the Closing Date fixed as provided in the CSA, the Agent shall pay to the Vendor an amount equal to the Purchase Price of the Equipment as shown on the invoice therefor then being settled for; provided that there shall have been delivered to the Agent at least five days prior to such Closing Date the following documents, in form and substance satisfactory to it and to its special counsel:

(a) a bill of sale from the Vendor to the Agent transferring to the Agent all right, title and interest of the Vendor in the units of Equipment, warranting to the Agent that at the time of delivery of such units under the CSA the Vendor had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than those created by the CSA), and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by the Vendor under the CSA, together with executed or certified copies of the bill or bills of sale to the Railroad and from the Railroad to the Vendor of the units of Equipment;

(b) an invoice from the Vendor for the units of Equipment;

(c) a Certificate of acceptance with respect to the units of Equipment signed by an officer or agent of the Railroad, stating that such units have been inspected and accepted on behalf of the Railroad;

(d) a report dated within 45 days of the Closing Date of Garrett Railroad Car & Equipment, Inc., an independent appraiser, certifying that the fair market value (as defined in Section 10.01 of the CSA) of such units of Equipment is at least equal to 150% of the Purchase Price of such units;

(e) an opinion of Cravath, Swaine & Moore, special counsel for the Agent and the Investors named in the Finance Agreement, dated as of such Closing Date, to the effect that:

(i) the Finance Agreement, assuming due authorization, execution and delivery thereof

by the Investors, has been duly authorized, executed and delivered and is a legal, valid and binding instrument;

(ii) the CSA has been duly authorized, executed and delivered by the Vendor and the Railroad and is a legal, valid and binding instrument, enforceable in accordance with its terms;

(iii) this Assignment has been duly authorized, executed and delivered by the Vendor and the Agent and is a legal, valid and binding instrument;

(iv) the Agent is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by the Vendor under this Assignment;

(v) the Agent has a valid security interest in the units of Equipment for which settlement is being made and such units, at the time of delivery thereof to the Railroad under the CSA, were free from all claims, liens, security interests and other encumbrances arising from, through or under the Vendor (other than those created by the CSA and this Assignment);

(vi) no approval of the Interstate Commerce Commission or any other governmental authority is, to the knowledge of said special counsel, necessary for the valid execution and delivery of the Finance Agreement, the CSA or this Assignment;

(vii) the CSA and this Assignment have been duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303, and no other filing is necessary for the protection of the rights of the Agent in any state of the United States of America or in the District of Columbia; and

(viii) registration of the CSA, this Assignment or the certificates of interest delivered pursuant to the Finance Agreement is not required under the Securities Act of 1933 and qualifica-

tion of an indenture with respect thereto is not required under the Trust Indenture Act of 1939;

(ix) the legal opinions referred to in subsections (f) and (g) hereof are satisfactory in form and scope to said special counsel and that said counsel believe that the Agent, the Investors and they are justified in relying thereon;

and as to such other matters as may reasonably be requested by the Agent;

(f) an opinion of counsel for the Railroad, dated as of the Closing Date, to the effect set forth in clauses (i), (ii), (v), (vi) and (vii) of subsection (e) above (counsel may assume the due authorization, execution and delivery of documents by parties other than the Railroad and the Vendor) and stating that the Railroad is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware and has the power and authority to own its properties and to carry on its business as now conducted;

(g) an opinion of counsel for the Vendor, dated as of the Closing Date, to the effect set forth in clauses (ii), (iii), (iv) and (v) of subsection (e) above (counsel may assume the due authorization, execution and delivery of documents by parties other than the Vendor and the Railroad) and stating that the Vendor is a duly organized and validly existing corporation in good standing under the laws of the Commonwealth of Pennsylvania and has the power and authority to own its properties and to carry on its business as now conducted;

(h) a report from Wilmer & Pickering (or other outside counsel or firm acceptable to the Agent) with regard to a search of the Interstate Commerce Commission files in respect of such units (accompanied by any releases necessary to clear the title to such units);

(i) a certificate of an officer of the Railroad, dated as of the Closing Date, to the effect that (i) no event of default under the CSA or any event which with notice or lapse of time or both could con-

stitute an event of default shall have occurred and be continuing, (ii) no Federal tax liens (including tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954) and to the best of his knowledge and belief no other tax liens have been filed and are currently in effect against the Railroad, (iii) no taxes, assessments or governmental charges or levies against the Railroad are delinquent and (iv) the representations and warranties of the Railroad contained in Paragraph 7 of the Finance Agreement are true and correct as of such Closing Date with the same effect as if such representations and warranties had been made as of such Closing Date; and

(j) such other documents as the Agent may reasonably request.

In giving the opinions specified in subsections (e), (f) and (g) above, counsel may qualify any opinion to the effect that any agreement is enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in subsection (e) above, counsel may rely on the opinion of counsel for the Vendor as to authorization, execution and delivery by the Vendor of the CSA and this Assignment and as to title to the Equipment at the time of delivery thereof under the CSA and may rely on the opinions of counsel for the Vendor or the Railroad as to any matter governed by the law of any jurisdiction other than New York or the United States of America.

The Agent shall not be required to make payment for the Equipment assigned hereunder on the Closing Date (i) unless it shall have on deposit on the Closing Date pursuant to the terms of the Finance Agreement sufficient funds available thereunder to make such payment; or (ii) if any proceedings specified in Section 15.01 (c) or (d) of the CSA shall have commenced or if an event of default or any event which with notice or lapse of time or both could constitute an event of default shall have occurred and be continuing under the CSA.

In the event that the Agent shall not make any such payment, the Agent shall reassign to the Vendor, without recourse to the Agent, all right, title and inter-

est of the Agent in and to the units of Equipment with respect to which payment has not been made by it.

SECTION 5. Assignment by Agent. The Agent may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Railroad thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Agent hereunder.

SECTION 6. Representations and Agreements of Vendor. The Vendor hereby:

(a) represents and warrants to the Agent and its successors and assigns that the CSA was duly authorized by it and lawfully executed and delivered by it for a valid consideration and that, assuming due authorization, execution and delivery thereof by the Railroad, the CSA is a legal, valid and binding agreement, enforceable in accordance with its terms, and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Agent or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts as may be necessary and appropriate to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Agent or intended so to be; and

(c) agrees that, upon request of the Agent or its successors and assigns, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of the Vendor therein or in the Equipment.

SECTION 7. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 22 of the CSA.

SECTION 8. Headings. Section headings have been provided for convenience only and shall not affect any interpretation of this Assignment.

SECTION 9. Execution. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. Although this Assignment is dated for convenience as of the date first set forth above, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by duly authorized officers as of the date first set forth above.

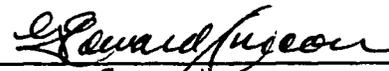
MONTOUR LAND COMPANY,

by

  
Vice President

[Corporate Seal]

Attest:

  
Assistant Secretary

MANUFACTURERS HANOVER TRUST  
COMPANY, as Agent,

by

\_\_\_\_\_  
Vice President

[Corporate Seal]

Attest:

\_\_\_\_\_  
Assistant Secretary

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY  
hereby acknowledges due notice of and consents to the  
assignment made by the foregoing Agreement and Assignment  
as of September 1, 1980.

THE PITTSBURGH AND LAKE ERIE  
RAILROAD COMPANY,

by

H. G. Allyn Jr.  
President

COMMONWEALTH OF PENNSYLVANIA, )  
 ) ss.:  
COUNTY OF ALLEGHENY, )

On this <sup>13th</sup> day of October 1980, before me personally appeared J. J. Dan, to me personally known, who, being by me duly sworn, says that he is <sup>VICE</sup> President of MONTOUR LAND COMPANY, a Pennsylvania corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Molly A. Tegeler  
Notary Public

[NOTARIAL SEAL]

My Commission expires

MOLLY A. TEGELER, NOTARY PUBLIC  
PITTSBURGH, ALLEGHENY COUNTY  
MY COMMISSION EXPIRES OCT. 17, 1983  
Member, Pennsylvania Association of Notaries

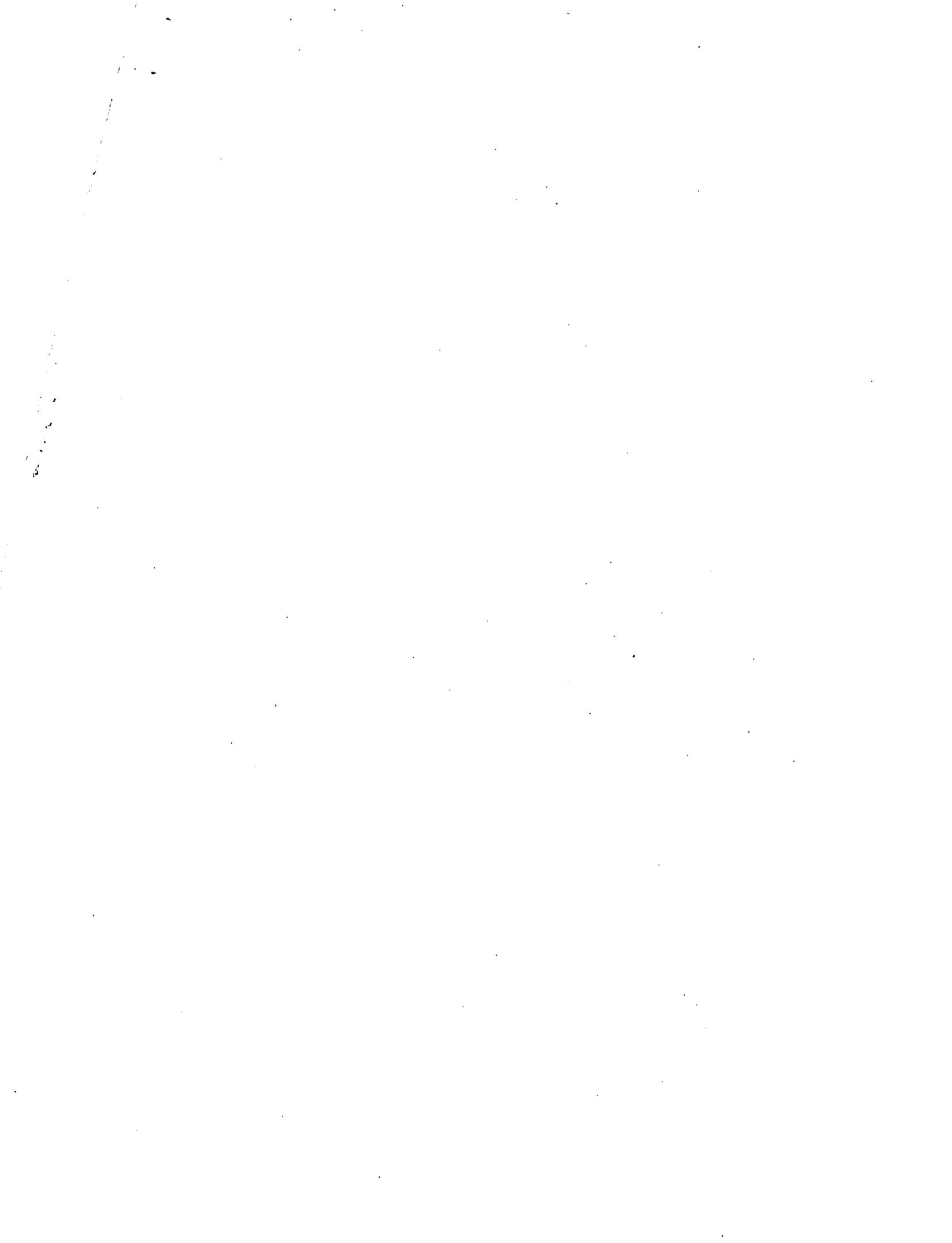
STATE OF NEW YORK, )  
 ) ss.:  
COUNTY OF NEW YORK, )

On this            day of October 1980, before me personally appeared           , to me personally known, who, being by me duly sworn, says that he is a Vice President of MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

\_\_\_\_\_  
Notary Public

[NOTARIAL SEAL]

My Commission expires



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[CS&M Ref. 5375-048]

AGREEMENT AND ASSIGNMENT

Dated as of September 1, 1980

Between

MONTOUR LAND COMPANY

and

MANUFACTURERS HANOVER TRUST COMPANY,  
as Agent.

---

AGREEMENT AND ASSIGNMENT dated as of September 1, 1980, between MONTOUR LAND COMPANY, a Pennsylvania corporation (the "Vendor"), and MANUFACTURERS HANOVER TRUST COMPANY, a New York banking corporation, as agent (the "Agent") under a Finance Agreement dated as of the date hereof (the "Finance Agreement").

The Vendor and THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY (the "Railroad") have entered into a Conditional Sale Agreement dated as of the date hereof (the "CSA") covering the conditional sale and delivery by the Vendor and the purchase by the Railroad of the railroad equipment described in Schedule A to the CSA (the "Equipment").

In consideration of the agreements hereinafter set forth, the parties hereto hereby agree as follows:

SECTION 1. Assignment. The Vendor hereby transfers and assigns to the Agent, its successors and assigns:

(a) all the right, title and interest of the Vendor in and to each unit of Equipment when and as severally delivered to and accepted by the Railroad, subject to payment by the Agent to the Vendor of the amount required to be paid under Section 4 hereof;

(b) all the right, title and interest of the Vendor in and to the CSA (except the right to deliver the Equipment and the right to reimbursements for taxes paid or incurred by the Vendor as provided in Article 5 thereof), and in and to any and all amounts which may be or become due or owing by the Railroad to the Vendor under the CSA in respect of the Purchase Price (as defined in the CSA) of the Equipment and interest thereon, and in and to any other sums becoming due from the Railroad under the CSA, other than those hereinabove excluded; and

(c) except as limited by subsection (b) hereof, all the Vendor's rights, powers, privileges and remedies under the CSA;

without any recourse against the Vendor for or on account

of the failure of the Railroad to make any of the payments provided for in or otherwise to comply with any of the provisions of the CSA; provided, however, that this Assignment shall not subject the Agent to or transfer or in any way affect or modify the liability of the Vendor to deliver the Equipment in accordance with the CSA or relieve the Railroad from its obligations to the Vendor referred to in Articles 2, 3, 4, 5, 13 and 14 of the CSA, it being understood and agreed that, notwithstanding this Assignment or any subsequent assignment pursuant to the provisions of Article 14 of the CSA, all obligations of the Vendor to the Railroad with respect to the Equipment shall be and remain enforceable by the Railroad, its successors and assigns, against and only against the Vendor. In furtherance of the foregoing assignment and transfer, the Vendor hereby authorizes and empowers the Agent, in the Agent's own name or in the name of the Agent's nominee or in the name of and as attorney for the Vendor, hereby irrevocably constituted, to demand, sue for, collect and receive any and all sums to which the Agent is or may become entitled under this Assignment and to enforce compliance by the Railroad with the terms and agreements on its part to be performed under the CSA, but at the expense and liability and for the sole benefit of the Agent.

SECTION 2. Delivery of Equipment. The Vendor agrees that it will deliver the Equipment to the Railroad in accordance with the provisions of the CSA; and that, notwithstanding this Assignment, it will perform and fully comply with each of and all the covenants and conditions of the CSA set forth to be performed and complied with by it. The Vendor further agrees that it will warrant to the Agent and the Railroad that at the time of delivery of each unit of the Equipment under the CSA it had legal title to such unit and good and lawful right to sell such unit and that title to such unit was free of all claims, liens, security interests and other encumbrances (other than those created by the CSA) and that it will defend the title to each unit of the Equipment against the demands of all persons whomsoever based on claims originating prior to the delivery of such unit by the Vendor under the CSA; all subject, however, to the provisions of the CSA and the rights of the Railroad thereunder. The Vendor will not deliver any unit of Equipment to the Railroad under the CSA until the filings referred to in Article 18 of the CSA have been effected (the Vendor and its counsel being entitled to rely on advice from special counsel for the Agent that such

filings have been effected).

SECTION 3. Indemnification of Agent. The Vendor agrees with the Agent that in any suit, proceeding or action brought by the Agent under the CSA for any installment of principal or interest on the CSA Indebtedness or to enforce any provision of the CSA, the Vendor will indemnify, protect and hold harmless the Agent from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Railroad arising out of a breach by the Vendor of any obligation with respect to the Equipment or the delivery or warranty thereof or arising by reason of any other indebtedness or liability at any time owing to the Railroad by the Vendor. The Vendor's obligation so to indemnify, protect and hold harmless the Agent is conditional upon (a) the Agent's timely motion or other appropriate action to strike any defense, setoff, counterclaim or recoupment asserted by the Railroad in any such suit, proceeding or action and (b) if the court or other body having jurisdiction in such suit, proceeding or action denies such motion or other action and accepts such defense, setoff, counterclaim or recoupment as a triable issue in such suit, proceeding or action, the Agent's prompt notification to the Vendor of the asserted defense, setoff, counterclaim or recoupment and the Agent's giving the Vendor the right, at the Vendor's expense, to compromise, settle or defend against such defense, setoff, counterclaim or recoupment.

The Vendor agrees to indemnify, protect and hold harmless the Agent from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Agent or its assigns because of the use in or about the construction or operation of any of its Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Agent will give prompt notice to the Vendor of any such liability or claim actually known to the Agent and will give the Vendor the right, at the Vendor's expense, to compromise, settle or defend against such claim. The Vendor agrees that any amounts payable to it by the Railroad with respect to its Equipment, whether pursuant to the CSA or otherwise, not hereby assigned to the Agent, shall not be secured by any lien, charge or security interest upon any unit of Equipment.

SECTION 4. Conditions of Closing. On the Closing Date fixed as provided in the CSA, the Agent shall pay to the Vendor an amount equal to the Purchase Price of the Equipment as shown on the invoice therefor then being settled for; provided that there shall have been delivered to the Agent at least five days prior to such Closing Date the following documents, in form and substance satisfactory to it and to its special counsel:

(a) a bill of sale from the Vendor to the Agent transferring to the Agent all right, title and interest of the Vendor in the units of Equipment, warranting to the Agent that at the time of delivery of such units under the CSA the Vendor had legal title to such units and good and lawful right to sell such units and that such units were free of all claims, liens, security interests and other encumbrances (other than those created by the CSA), and covenanting to defend the title to such units against the demands of all persons whomsoever based on claims originating prior to the delivery of such units by the Vendor under the CSA, together with executed or certified copies of the bill or bills of sale to the Railroad and from the Railroad to the Vendor of the units of Equipment;

(b) an invoice from the Vendor for the units of Equipment;

(c) a Certificate of acceptance with respect to the units of Equipment signed by an officer or agent of the Railroad, stating that such units have been inspected and accepted on behalf of the Railroad;

(d) a report dated within 45 days of the Closing Date of Garrett Railroad Car & Equipment, Inc., an independent appraiser, certifying that the fair market value (as defined in Section 10.01 of the CSA) of such units of Equipment is at least equal to 150% of the Purchase Price of such units;

(e) an opinion of Cravath, Swaine & Moore, special counsel for the Agent and the Investors named in the Finance Agreement, dated as of such Closing Date, to the effect that:

(i) the Finance Agreement, assuming due authorization, execution and delivery thereof

by the Investors, has been duly authorized, executed and delivered and is a legal, valid and binding instrument;

(ii) the CSA has been duly authorized, executed and delivered by the Vendor and the Railroad and is a legal, valid and binding instrument, enforceable in accordance with its terms;

(iii) this Assignment has been duly authorized, executed and delivered by the Vendor and the Agent and is a legal, valid and binding instrument;

(iv) the Agent is vested with all the rights, titles, interests, powers and privileges purported to be assigned to it by the Vendor under this Assignment;

(v) the Agent has a valid security interest in the units of Equipment for which settlement is being made and such units, at the time of delivery thereof to the Railroad under the CSA, were free from all claims, liens, security interests and other encumbrances arising from, through or under the Vendor (other than those created by the CSA and this Assignment);

(vi) no approval of the Interstate Commerce Commission or any other governmental authority is, to the knowledge of said special counsel, necessary for the valid execution and delivery of the Finance Agreement, the CSA or this Assignment;

(vii) the CSA and this Assignment have been duly filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303, and no other filing is necessary for the protection of the rights of the Agent in any state of the United States of America or in the District of Columbia; and

(viii) registration of the CSA, this Assignment or the certificates of interest delivered pursuant to the Finance Agreement is not required under the Securities Act of 1933 and qualifica-

tion of an indenture with respect thereto is not required under the Trust Indenture Act of 1939;

(ix) the legal opinions referred to in subsections (f) and (g) hereof are satisfactory in form and scope to said special counsel and that said counsel believe that the Agent, the Investors and they are justified in relying thereon;

and as to such other matters as may reasonably be requested by the Agent;

(f) an opinion of counsel for the Railroad, dated as of the Closing Date, to the effect set forth in clauses (i), (ii), (v), (vi) and (vii) of subsection (e) above (counsel may assume the due authorization, execution and delivery of documents by parties other than the Railroad and the Vendor) and stating that the Railroad is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware and has the power and authority to own its properties and to carry on its business as now conducted;

(g) an opinion of counsel for the Vendor, dated as of the Closing Date, to the effect set forth in clauses (ii), (iii), (iv) and (v) of subsection (e) above (counsel may assume the due authorization, execution and delivery of documents by parties other than the Vendor and the Railroad) and stating that the Vendor is a duly organized and validly existing corporation in good standing under the laws of the Commonwealth of Pennsylvania and has the power and authority to own its properties and to carry on its business as now conducted;

(h) a report from Wilmer & Pickering (or other outside counsel or firm acceptable to the Agent) with regard to a search of the Interstate Commerce Commission files in respect of such units (accompanied by any releases necessary to clear the title to such units);

(i) a certificate of an officer of the Railroad, dated as of the Closing Date, to the effect that (i) no event of default under the CSA or any event which with notice or lapse of time or both could con-

stitute an event of default shall have occurred and be continuing, (ii) no Federal tax liens (including tax liens filed pursuant to Section 6323 of the Internal Revenue Code of 1954) and to the best of his knowledge and belief no other tax liens have been filed and are currently in effect against the Railroad, (iii) no taxes, assessments or governmental charges or levies against the Railroad are delinquent and (iv) the representations and warranties of the Railroad contained in Paragraph 7 of the Finance Agreement are true and correct as of such Closing Date with the same effect as if such representations and warranties had been made as of such Closing Date; and

(j) such other documents as the Agent may reasonably request.

In giving the opinions specified in subsections (e), (f) and (g) above, counsel may qualify any opinion to the effect that any agreement is enforceable in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally. In giving the opinion specified in subsection (e) above, counsel may rely on the opinion of counsel for the Vendor as to authorization, execution and delivery by the Vendor of the CSA and this Assignment and as to title to the Equipment at the time of delivery thereof under the CSA and may rely on the opinions of counsel for the Vendor or the Railroad as to any matter governed by the law of any jurisdiction other than New York or the United States of America.

The Agent shall not be required to make payment for the Equipment assigned hereunder on the Closing Date (i) unless it shall have on deposit on the Closing Date pursuant to the terms of the Finance Agreement sufficient funds available thereunder to make such payment; or (ii) if any proceedings specified in Section 15.01 (c) or (d) of the CSA shall have commenced or if an event of default or any event which with notice or lapse of time or both could constitute an event of default shall have occurred and be continuing under the CSA.

In the event that the Agent shall not make any such payment, the Agent shall reassign to the Vendor, without recourse to the Agent, all right, title and inter-

est of the Agent in and to the units of Equipment with respect to which payment has not been made by it.

SECTION 5. Assignment by Agent. The Agent may assign all or any of its rights under the CSA, including the right to receive any payments due or to become due to it from the Railroad thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Agent hereunder.

SECTION 6. Representations and Agreements of Vendor. The Vendor hereby:

(a) represents and warrants to the Agent and its successors and assigns that the CSA was duly authorized by it and lawfully executed and delivered by it for a valid consideration and that, assuming due authorization, execution and delivery thereof by the Railroad, the CSA is a legal, valid and binding agreement, enforceable in accordance with its terms, and that it is now in force without amendment thereto;

(b) agrees that it will from time to time and at all times, at the request of the Agent or its successors or assigns, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts as may be necessary and appropriate to give effect to the provisions hereinabove set forth and more perfectly to confirm the rights, titles and interests hereby assigned and transferred to the Agent or intended so to be; and

(c) agrees that, upon request of the Agent or its successors and assigns, it will execute any and all instruments which may be necessary or proper in order to discharge of record the CSA or any other instrument evidencing any interest of the Vendor therein or in the Equipment.

SECTION 7. Governing Law. This Assignment shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all the rights conferred as provided in Article 22 of the CSA.

SECTION 8. Headings. Section headings have been provided for convenience only and shall not affect any interpretation of this Assignment.

SECTION 9. Execution. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument. Although this Assignment is dated for convenience as of the date first set forth above, the actual dates of execution hereof by the parties hereto are the dates stated in the acknowledgments hereto.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by duly authorized officers as of the date first set forth above.

MONTOUR LAND COMPANY,

by

[Corporate Seal]

\_\_\_\_\_  
President

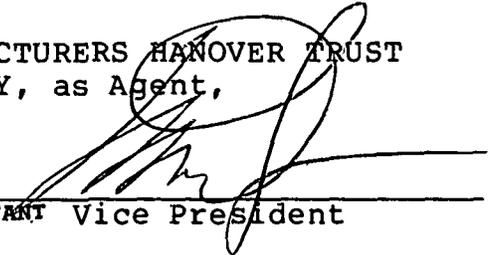
Attest:

\_\_\_\_\_  
Secretary

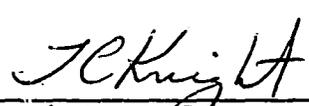
MANUFACTURERS HANOVER TRUST  
COMPANY, as Agent,

by

[Corporate Seal]

  
\_\_\_\_\_  
ASSISTANT Vice President

Attest:

  
\_\_\_\_\_  
Assistant Secretary

ACKNOWLEDGMENT OF NOTICE OF ASSIGNMENT

THE PITTSBURGH AND LAKE ERIE RAILROAD COMPANY  
hereby acknowledges due notice of and consents to the  
assignment made by the foregoing Agreement and Assignment  
as of September 1, 1980.

THE PITTSBURGH AND LAKE ERIE  
RAILROAD COMPANY,

by

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President



